

**LSU HEALTH SCIENCES FOUNDATION**  
**IN SHREVEPORT AND SUBSIDIARIES**  
**SHREVEPORT, LOUISIANA**  
**JUNE 30, 2012 AND 2011**

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

SHREVEPORT, LOUISIANA

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**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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August 30, 2012

The Board of Directors  
LSU Health Sciences Foundation in Shreveport  
Shreveport, Louisiana

## Independent Auditor's Report

We have audited the accompanying consolidated statements of financial position of the LSU Health Sciences Foundation in Shreveport and Subsidiaries as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the LSU Health Sciences Foundation in Shreveport and Subsidiaries as of June 30, 2012 and 2011, and the consolidated changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying other financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Heard, McElroy & Vestal, LLC*

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LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

<u>A S S E T S</u>	<u>2012</u>	<u>2011</u>
Cash	1,871,957	2,245,050
Accounts receivable	251,639	6,011
Pledges receivable-Note 3	809,851	81,534
Investments-pools-Note 4	38,942,552	39,489,778
Investments-CFeist Legacy-Note 5	58,080,931	57,193,459
Investments-Burton Legacy-Note 6	5,392,063	6,394,240
Investments-other	227,436	65,420
Equipment and furniture, less accumulated depreciation of \$60,251 and \$45,848, respectively	33,639	38,682
Investment in real estate-Notes 8 and 9	4,364,813	4,826,186
Other assets	<u>102,233</u>	<u>21,049</u>
Total assets	<u>110,077,114</u>	<u>110,361,409</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	351,991	2,760,751
Other payable	146,971	93,361
Notes payable-Note 9	786,406	1,068,043
Due to LSU Health Sciences Center Shreveport-Note 10	<u>6,545,969</u>	<u>6,193,893</u>
Total liabilities	7,831,337	10,116,048
<u>Net assets:</u>		
Unrestricted:		
Board designated	842,531	413,704
Undesignated	<u>12,291,197</u>	<u>12,582,834</u>
Total unrestricted	13,133,728	12,996,538
Temporarily restricted-Note 11	77,805,805	75,848,304
Permanently restricted-Notes 12 and 13	<u>11,306,244</u>	<u>11,400,519</u>
Total net assets	<u>102,245,777</u>	<u>100,245,361</u>
Total liabilities and net assets	<u>110,077,114</u>	<u>110,361,409</u>

The accompanying notes are an integral part of the consolidated financial statements.

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support, revenues and gains:</u>				
Contributions	459,871	4,618,085	527,508	5,605,464
Income on investments	420,701	1,679,324	230,850	2,330,875
Net realized and unrealized gains (losses) on investments	143,953	(955,898)	(127,896)	(939,841)
Management fee income	1,270,690	-	-	1,270,690
Rental income	140,107	-	-	140,107
Total support, revenues and gains	2,435,322	5,341,511	630,462	8,407,295
<u>Net assets released from restrictions</u>	4,214,281	(4,097,483)	(116,798)	-
<u>Transfers between classifications</u>	(105,534)	713,473	(607,939)	-
<u>Total support, revenue, gains and reclassifications</u>	6,544,069	1,957,501	(94,275)	8,407,295
<u>Expenses:</u>				
Management and general	2,049,917	-	-	2,049,917
LSU Health Sciences Center Support:				
Specified by donors for Feist-Weiller Cancer Center	3,172,863	-	-	3,172,863
Specified by donors for other departments	1,041,418	-	-	1,041,418
Specified by the Board of Directors	142,681	-	-	142,681
Total support	4,356,962	-	-	4,356,962
Total expenses	6,406,879	-	-	6,406,879
<u>Change in net assets</u>	137,190	1,957,501	(94,275)	2,000,416
<u>Net assets at beginning of period as previously reported</u>	12,582,834	76,262,008	11,400,519	100,245,361
<u>Reclassification of net assets</u>	413,704	(413,704)	-	-
<u>Adjusted net asset at beginning of period</u>	12,996,538	75,848,304	11,400,519	100,245,361
<u>Net assets at end of period</u>	13,133,728	77,805,805	11,306,244	102,245,777

The accompanying notes are an integral part of the consolidated financial statements.

2011			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
404,008	2,321,176	251,162	2,976,346
413,080	1,922,393	795,419	3,130,892
1,040,875	9,722,635	1,071,453	11,834,963
1,245,544	-	-	1,245,544
<u>191,154</u>	<u>-</u>	<u>-</u>	<u>191,154</u>
3,294,661	13,966,204	2,118,034	19,378,899
6,268,846	(6,165,362)	(103,484)	-
<u>(555,000)</u>	<u>1,029,960</u>	<u>(474,960)</u>	<u>-</u>
9,008,507	8,830,802	1,539,590	19,378,899
2,302,593	-	-	2,302,593
5,383,812	-	-	5,383,812
885,034	-	-	885,034
<u>305,549</u>	<u>-</u>	<u>-</u>	<u>305,549</u>
<u>6,574,395</u>	<u>-</u>	<u>-</u>	<u>6,574,395</u>
<u>8,876,988</u>	<u>-</u>	<u>-</u>	<u>8,876,988</u>
131,519	8,830,802	1,539,590	10,501,911
12,451,315	67,431,206	9,860,929	89,743,450
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,582,834</u>	<u>76,262,008</u>	<u>11,400,519</u>	<u>100,245,361</u>

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	2,000,416	10,501,911
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,729	66,921
Net realized and unrealized (gain) loss on long-term investments	939,841	(11,834,963)
Donation of investment in real estate	510,000	890,000
(Increase) decrease in accounts receivable	(245,628)	933
(Increase) decrease in pledges receivable	(728,317)	35,975
(Increase) in other assets	(81,184)	(8,099)
Increase (decrease) in accounts payable	(2,408,760)	2,759,810
Increase in other payable	53,610	66,278
Increase in due to LSU Health Sciences Center Shreveport	<u>352,076</u>	<u>872,534</u>
Net cash provided by operating activities	464,783	3,351,300
<u>Cash flows from investing activities:</u>		
Purchase of real estate and fixed assets	(116,313)	(781,306)
Purchase of investments-net	<u>(439,926)</u>	<u>(1,955,906)</u>
Net cash (used) by investing activities	(556,239)	(2,737,212)
<u>Cash flows from financing activities:</u>		
Proceeds from notes payable	-	750,000
Repayment of notes payable	<u>(281,637)</u>	<u>(209,289)</u>
Net cash provided (used) by financing activities	<u>(281,637)</u>	<u>540,711</u>
<u>Net (decrease) increase in cash</u>	(373,093)	1,154,799
<u>Cash at beginning of period</u>	<u>2,245,050</u>	<u>1,090,251</u>
<u>Cash at end of period</u>	<u>1,871,957</u>	<u>2,245,050</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>51,586</u>	<u>39,133</u>

The accompanying notes are an integral part of the consolidated financial statements.

# LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

### 1. Nature of Business

The consolidated financial statements include the LSU Health Sciences Foundation in Shreveport and its wholly-owned subsidiaries - Foundation Property, LLC; Foundation General Holdings, LLC; and Intermodal Transit Facility, LLC. All significant intercompany accounts and transactions, except for management fees, have been eliminated in consolidation.

The LSU Health Sciences Foundation in Shreveport (the Foundation) is a public, nonprofit corporation formed in 1997 and governed by a board of directors. The organization's goal is to support, enhance, and assist the LSU Health Sciences Center Shreveport (the Center) in its many endeavors by expanding the public's awareness of the Center's many contributions to medical research, education of medical professionals, and quality health care, to develop and enhance financial support for the Center, and provide the means through which financial support is received and administered.

Foundation Property, LLC and Foundation General Holdings, LLC were formed in July 2006. Foundation Property, LLC was formed to hold all real estate previously acquired by the Foundation, and Foundation General Holdings, LLC was formed to hold all new acquisitions of real estate.

Intermodal Transit Facility, LLC was formed in March 2007 to purchase property and construct an intermodal transit oriented facility as a ride link for the City of Shreveport's SporTran passengers and the Center's patients, employees, students, and customers. Intermodal Transit Facility, LLC entered into a Cooperative Endeavor Agreement with the City of Shreveport which governed the use of \$1,235,949 of Section 5309 Federal Transit Administration funds earmarked as an 80% match for construction of the intermodal transit facility. In order to receive these grant funds, Intermodal Transit Facility, LLC was required to provide a match equal to 20% of the project cost. In addition, Intermodal Transit Facility, LLC was required to pay the City of Shreveport an administrative fee in the amount of 10% of the total FTA grant funds used for the project. Construction of the intermodal transit facility was completed in June 2009, and the total cost of the facility including the purchase of property and administrative fees of \$1,609,160 net of accumulated depreciation is reflected as an investment in real estate in the consolidated financial statements. A summary of the project's activity follows:

<u>Year Ended June 30,</u>	<u>Capitalized Expenditures</u>	<u>Expensed Expenditures</u>	<u>Capitalized Administrative Fees</u>	<u>Total Project Cost</u>	<u>Less Grant Income</u>	<u>Intermodal's Match Plus Admin. Fees</u>
2007	748,749	-	59,900	808,649	598,999	209,650
2008	110,402	-	8,832	119,234	88,322	30,912
2009	<u>630,515</u>	<u>4,016</u>	<u>50,762</u>	<u>685,293</u>	<u>507,624</u>	<u>177,669</u>
	<u>1,489,666</u>	<u>4,016</u>	<u>119,494</u>	<u>1,613,176</u>	<u>1,194,945</u>	<u>418,231</u>

## 2. Summary of Significant Accounting Policies

- a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation, and/or by the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

- b. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.
- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- d. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Foundation, at times, may have deposits in excess of FDIC insured limits. Management believes the credit risk associated with these deposits is minimal.
- f. The LSU Health Sciences Foundation in Shreveport qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Foundation Property, LLC; Foundation General Holdings, LLC; and Intermodal Transit Facility, LLC are single-member LLCs and are considered disregarded entities for tax purposes. Therefore, no provision for income taxes has been made in the financial statements, but the Foundation is required to file an annual information return. The Foundation is also required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it is a tax exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation files U.S. federal Form 990 for informational purposes. The Foundation's federal income tax returns for the tax years 2008 and beyond remain subject to examination by the Internal Revenue Service.

## 2. Summary of Significant Accounting Policies (Continued)

- g. Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amounts which reasonably estimates fair value. Fixed income securities are generally valued by reference to outside pricing services, generally using a matrix system incorporating security quality, maturity, and coupon as the valuation model parameters, research, and a review of broker-dealer market price quotations.

The asset allocation of the Foundation's investment portfolio involves exposure to a diverse set of markets. The investments within these markets involve various risks, such as interest rate, market, credit, and liquidity risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks.

- h. Equipment and furniture are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of three to seven years.
- i. Investments in real estate are stated at cost if purchased, and at fair market value at date of donation, if donated, less accumulated depreciation on any improvements. Depreciation of improvements is calculated using the straight-line method over an estimated useful life of fifteen years.
- j. The Foundation's financial instruments, excluding investments which are recorded at estimated fair value, include cash, pledges receivable, and notes payable. The Foundation estimates that the fair values of these financial instruments at June 30, 2012 and 2011 do not differ materially from the aggregate carrying values of these financial instruments recorded in the accompanying financial statements.
- k. Certain amounts in the fiscal year ended June 30, 2011 financial statements have been reclassified to conform to the fiscal year ended June 30, 2012 presentation.

## 3. Pledges Receivable

Pledges receivable is summarized as follows as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Unconditional pledges expected to be collected in:		
Less than one year	279,972	29,000
One year to five years	529,879	52,534
More than five years	-	-
Pledges receivable	<u>809,851</u>	<u>81,534</u>

## 4. Investments-Pools

Investments-pools consisted of money market funds held at JPMorgan Chase Bank, units of The Commonfund for Nonprofit Organizations ("Commonfund") commingled funds, marketable securities held in JPMorgan brokerage accounts, and marketable securities and trust assets held in Regions Morgan Keegan Trust accounts. Unit contributions and redemptions to Commonfund funds must meet certain dollar value requirements and are only permitted on certain days of the month with written notice required. Redemptions from Commonfund funds may be limited or temporarily suspended in certain circumstances, such as in the event that the fund is unable to redeem sufficient funds managed by Subadvisors or in the event that disposal of part or all of the Fund's assets to meet redemption requests would be prejudicial to members. Investments-pools are presented below with their respective market values and costs as of June 30, 2012 and 2011.



4. Investments-Pools (Continued)

	<u>2012</u>		<u>2011</u>	
	<u>Market</u> <u>Value</u>	<u>Cost</u>	<u>Market</u> <u>Value</u>	<u>Cost</u>
<u>Unrestricted Pool</u>				
Fixed Income:				
Commingled funds	<u>2,178,965</u>	<u>2,121,905</u>	<u>2,024,435</u>	<u>2,051,719</u>
Total Fixed Income	<u>2,178,965</u>	<u>2,121,905</u>	<u>2,024,435</u>	<u>2,051,719</u>
Due from other funds	<u>-</u>	<u>-</u>	<u>1,603,238</u>	<u>1,603,238</u>
Total Unrestricted Pool	<u>2,178,965</u>	<u>2,121,905</u>	<u>3,627,673</u>	<u>3,654,957</u>
<u>Nonendowed Pool</u>				
Cash and cash equivalents	1,853,753	1,853,753	546,930	546,930
Fixed Income:				
U.S. government agencies	815,570	815,000	564,788	562,776
Municipals	1,972,807	1,790,845	2,690,063	2,643,342
Corporates	886,006	897,097	585,928	584,259
Commingled funds	<u>1,709,538</u>	<u>1,440,175</u>	<u>1,632,033</u>	<u>1,426,724</u>
Total Fixed Income	<u>5,383,921</u>	<u>4,943,117</u>	<u>5,472,812</u>	<u>5,217,101</u>
Due to other funds	<u>-</u>	<u>-</u>	<u>(631,958)</u>	<u>(631,958)</u>
Total Nonendowed Pool	<u>7,237,674</u>	<u>6,796,870</u>	<u>5,387,784</u>	<u>5,132,073</u>
<u>General/Feist Endowed Pool</u>				
Cash and cash equivalents	409,547	409,547	115,071	115,071
Fixed Income:				
U.S. government agencies	350,076	350,000	185,474	184,802
Municipals	824,364	748,991	1,206,921	1,190,898
Corporates	273,843	273,707	215,742	215,128
Domestic mutual funds	1,213,556	1,220,690	-	-
International mutual funds	133,044	137,903	-	-
Commingled funds	<u>1,697,280</u>	<u>1,490,545</u>	<u>1,916,023</u>	<u>1,758,674</u>
Total Fixed Income	<u>4,492,163</u>	<u>4,221,836</u>	<u>3,524,160</u>	<u>3,349,502</u>
Equity:				
Domestic common stock	1,190,749	979,190	1,213,310	929,645
Domestic mutual funds	2,461,749	2,106,041	825,514	496,755
International common stock	20,966	20,248	23,805	19,938
International mutual funds	926,263	934,643	1,267,910	1,088,210
Commingled funds	<u>3,070,483</u>	<u>3,139,776</u>	<u>2,999,024</u>	<u>2,955,552</u>
Total Equity	<u>7,670,210</u>	<u>7,179,898</u>	<u>6,329,563</u>	<u>5,490,100</u>



4. Investments-Pools (Continued)

	2012		2011	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Alternatives:				
Hedge funds	499,812	500,000	-	-
Real estate and infrastructure	105,916	100,000	-	-
Hard assets	<u>35,807</u>	<u>44,759</u>	-	-
Total Alternatives	641,535	644,759	-	-
Structured investments	412,603	406,436	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>4,719,833</u>	<u>4,673,732</u>
Total General/Feist Endowed Pool	<u>13,626,058</u>	<u>12,862,476</u>	<u>14,688,627</u>	<u>13,628,405</u>
<u>Future Endowment Pool</u>				
Cash and cash equivalents	<u>769,534</u>	<u>769,534</u>	<u>1,345,028</u>	<u>1,345,028</u>
Total Future Endowment Pool	<u>769,534</u>	<u>769,534</u>	<u>1,345,028</u>	<u>1,345,028</u>
<u>BRSF Pool</u>				
Cash and cash equivalents	1,160,258	1,160,258	4,788,195	4,788,195
Fixed Income:				
U.S. government agencies	300,228	299,963	234,022	233,194
Municipals	825,635	748,962	1,248,350	1,231,134
Corporates	333,548	337,383	229,390	228,736
Domestic mutual funds	1,292,976	1,300,696	-	-
International mutual funds	91,736	95,000	-	-
Commingled funds	<u>2,221,308</u>	<u>1,986,670</u>	<u>1,750,609</u>	<u>1,588,519</u>
Total Fixed Income	5,065,431	4,768,674	3,462,371	3,281,583
Equity:				
Domestic common stock	1,253,436	1,028,026	1,285,192	982,999
Domestic mutual funds	2,564,808	2,185,727	855,828	518,508
International common stock	23,306	22,512	26,301	22,037
International mutual funds	938,073	986,998	847,112	723,006
Commingled funds	<u>3,032,543</u>	<u>2,551,761</u>	<u>3,011,793</u>	<u>2,423,492</u>
Total Equity	7,812,166	6,775,024	6,026,226	4,670,042
Alternatives:				
Hedge funds	560,939	562,500	-	-
Real estate and infrastructure	<u>211,833</u>	<u>200,000</u>	-	-
Total Alternatives	772,772	762,500	-	-
Structured investments	319,694	305,000	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>163,874</u>	<u>193,688</u>
Total BRSF Pool	<u>15,130,321</u>	<u>13,771,456</u>	<u>14,440,666</u>	<u>12,933,508</u>
Total Investments-pool	<u>38,942,552</u>	<u>36,322,241</u>	<u>39,489,778</u>	<u>36,693,971</u>

5. CFeist Legacy

Carroll W. Feist died on July 29, 2005. His Will and codicils created ambiguities with respect to the identity of the universal legatee. The proper universal legatee was either Louisiana State University or The LSU Health Sciences Foundation in Shreveport. The parties compromised and agreed that Mr. Feist's Will should be interpreted so that the universal legatee is the Foundation. The parties entered into a written agreement whereby the management details of the legacy from Mr. Feist were outlined.

The bequest will be used for cancer research at the LSU Health Sciences Center, Shreveport, Louisiana. After appropriate approvals, the Foundation may spend income of the Feist account up to a maximum in any one fiscal year of \$1,000,000. Principal may also be spent after appropriate approvals have been obtained.

Because of the difficulty in valuing certain assets in the Succession, the contribution will be recorded as the assets are received from the Succession. Distributions received from the Succession and recorded as contributions since inception are as follows:

Year Ended June 30,	<u>Income</u>	<u>Principal</u>	<u>Total Distributions</u>
2006	2,312,389	23,557,148	25,869,537
2007	1,144,781	5,683,039	6,827,820
2008	2,728,319	3,648,281	6,376,600
2009	2,086,779	1,168,221	3,255,000
2010	1,064,881	485,119	1,550,000
2011	1,124,600	475,400	1,600,000
2012	<u>1,171,168</u>	<u>563,832</u>	<u>1,735,000</u>
	<u>11,632,917</u>	<u>35,581,040</u>	<u>47,213,957</u>

Investments from the Feist Legacy consisted of units of Commonfund commingled funds, marketable securities held in a JPMorgan brokerage account, and marketable securities and trust assets held in a Regions Morgan Keegan Trust account.

Investments-CFeist Legacy are presented below with their respective market values and costs as of June 30, 2012 and 2011.

	<u>2012</u>		<u>2011</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Cash and cash equivalents	966,672	966,672	(1,197,917)	(1,197,917)
Fixed Income:				
U.S. government agencies	1,250,868	1,250,038	2,049,810	2,043,314
Mortgage backed	33,311	30,105	73,986	69,542
Municipals	3,008,564	2,754,470	5,945,930	5,800,459
Corporates	1,394,441	1,410,858	1,858,989	1,972,502
Domestic mutual funds	5,787,550	5,621,007	6,166,503	5,301,704
International mutual funds	3,173,190	3,162,696	556,311	1,198,037
Commingled funds	<u>7,667,291</u>	<u>7,470,655</u>	<u>6,286,999</u>	<u>6,286,999</u>
Total Fixed Income	22,315,215	21,699,829	22,938,528	22,672,557

5. CFeist Legacy (Continued)

	<u>2012</u>		<u>2011</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Equities:				
Domestic common stock	8,104,991	7,036,836	14,799,550	11,936,952
Domestic mutual funds	7,982,487	6,405,264	7,815,968	6,453,193
International common stock	118,510	115,268	119,632	101,043
International mutual funds	1,679,766	1,950,690	5,625,090	5,430,950
Commingled funds	<u>12,563,448</u>	<u>12,997,021</u>	<u>12,199,437</u>	<u>12,199,437</u>
Total Equities	30,449,202	28,505,079	40,559,677	36,121,575
Alternatives:				
Hedge funds	1,899,286	1,900,000	41,696	41,518
Real estate and infrastructure	400,120	366,186	475,283	445,720
Hard assets	<u>156,000</u>	<u>188,538</u>	<u>231,179</u>	<u>225,320</u>
Total Alternatives	2,455,406	2,454,724	748,158	712,558
Structured investments	1,894,436	1,860,458	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>(5,854,987)</u>	<u>(5,838,700)</u>
Total Investments-CFeist Legacy	<u>58,080,931</u>	<u>55,486,762</u>	<u>57,193,459</u>	<u>52,470,073</u>

Following is a summary of the transactions on the CFeist Legacy for the years ended June 30, 2012 and 2011. All of the activity is reflected in the Foundation's accompanying consolidated financial statements as of and for the years ended June 30, 2012 and 2011.

	<u>2012</u>		<u>2011</u>
	<u>Income</u>	<u>Principal</u>	<u>Total Market Value</u>
Net asset balances at beginning of year	15,262,718	41,718,573	56,981,291
Activity during the year:			
Distributions from Succession	1,171,168	563,832	1,735,000
Distribution from Carroll W. Feist Testamentary Trust	-	603,528	603,528
Interest and dividend income	1,410,559	-	1,410,559
Bond interest income	-	-	-
Realized gain (loss)	-	(545,686)	(545,686)
Unrealized gain (loss)	-	(72,168)	(72,168)
Management fees	(427,210)	(427,210)	(854,420)
Other expenses	(184,334)	-	(184,334)
Transfer to spending account	<u>(956,978)</u>	<u>-</u>	<u>(956,978)</u>
Net asset balances at end of year	<u>16,275,923</u>	<u>41,840,869</u>	<u>58,116,792</u>

5. CFeist Legacy (Continued)

Consists of:

Above investments	58,080,931	57,193,459
Checking account	7,724	7,784
Distribution receivable	250,000	-
Management fees and other payable	<u>(221,863)</u>	<u>(219,952)</u>

Total net assets at end of year	<u>58,116,792</u>	<u>56,981,291</u>
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In addition to the above, there are undistributed assets in the Succession totaling approximately \$17,700,000 (principal - \$17,700,000 and income \$-0-) as of June 30, 2012. As stated above, such assets will be reflected in the Foundation's financial statements when distributed by the Succession and received by the Foundation.

6. Burton Legacy

The Foundation was the beneficiary of the Residuary Estate of Cleveland C. Burton. Mr. Burton died on February 22, 2008, and the fair value of his estate was recorded as an unrestricted contribution during the year ended June 30, 2008. The fair value of the Foundation's interest in the estate as of June 30, 2008, \$6,233,949, was classified as a beneficial interest in estate in the statement of financial position. The Foundation took possession of the assets during the year ended June 30, 2009, and the assets were then classified as investments-Burton Legacy in the statement of financial position. As of June 30, 2012 and 2011, the investments from the Burton Legacy consisted of marketable securities held in a JPMorgan brokerage account, which are detailed below:

	<u>2012</u>		<u>2011</u>	
	<u>Market</u>		<u>Market</u>	
	<u>Value</u>	<u>Cost</u>	<u>Value</u>	<u>Cost</u>
Cash and cash equivalents	570,457	570,457	386,684	386,684
Fixed Income:				
Domestic mutual funds	1,478,735	1,412,586	2,146,641	1,963,468
International mutual funds	<u>118,961</u>	<u>125,887</u>	<u>228,527</u>	<u>220,955</u>
Total Fixed Income	1,597,696	1,538,473	2,375,168	2,184,423
Equities:				
Domestic mutual funds	1,263,807	1,082,829	1,384,651	1,116,028
International mutual funds	<u>603,546</u>	<u>593,337</u>	<u>576,684</u>	<u>493,408</u>
Total Equities	1,867,353	1,676,166	1,961,335	1,609,436
Alternatives:				
Hedge funds	493,704	500,894	408,936	413,048
Real estate and infrastructure	141,788	86,209	130,736	86,209
Hard assets	<u>197,562</u>	<u>177,097</u>	<u>203,643</u>	<u>150,313</u>
Total Alternatives	833,054	764,200	743,315	649,570
Structured investments	<u>523,503</u>	<u>520,000</u>	<u>927,738</u>	<u>880,000</u>
Total Investments-Burton Legacy	<u>5,392,063</u>	<u>5,069,296</u>	<u>6,394,240</u>	<u>5,710,113</u>

7. Fair Value Measurements

FASB Accounting Standards Codification Topic 820, "Fair Value Measurements" requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2012 and 2011 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>June 30, 2012:</b>				
Cash and equivalents	3,855,433	1,874,788	-	5,730,221
Fixed Income:				
U.S. government agencies	-	2,716,742	-	2,716,742
Mortgage backed	-	33,311	-	33,311
Municipals	-	6,631,370	-	6,631,370
Corporates	-	2,887,838	-	2,887,838
Domestic mutual funds	9,772,817	-	-	9,772,817
International mutual funds	3,516,931	-	-	3,516,931
Commingled funds	-	14,164,124	1,310,258	15,474,382
Total Fixed Income	13,289,748	26,433,385	1,310,258	41,033,391
Equities:				
Domestic common stock	10,549,176	-	-	10,549,176
Domestic mutual funds	14,272,851	-	-	14,272,851
International common stock	162,782	-	-	162,782
International mutual funds	4,147,648	-	-	4,147,648
Commingled funds	-	18,666,474	-	18,666,474
Total Equities	29,132,457	18,666,474	-	47,798,931
Alternatives:				
Hedge Funds	554,831	-	2,898,910	3,453,741
Real Estate & Infrastructure	859,657	-	-	859,657
Hard Assets	389,369	-	-	389,369
Total Alternatives	1,803,857	-	2,898,910	4,702,767
Structured investments	-	-	3,150,236	3,150,236
<b>Total Investments</b>	<u>48,081,495</u>	<u>46,974,647</u>	<u>7,359,404</u>	<u>102,415,546</u>

7. Fair Value Measurements (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>June 30, 2011:</b>				
Cash and equivalents	5,340,187	643,804	-	5,983,991
Fixed Income:				
U.S. government agencies	-	3,034,094	-	3,034,094
Mortgage backed	-	73,986	-	73,986
Municipals	-	11,091,264	-	11,091,264
Corporates	-	2,890,049	-	2,890,049
Domestic mutual funds	8,313,144	-	-	8,313,144
International mutual funds	784,838	-	-	784,838
Commingled funds	-	<u>13,610,099</u>	-	<u>13,610,099</u>
Total Fixed Income	9,097,982	30,699,492	-	39,797,474
Equities:				
Domestic common stock	17,298,052	-	-	17,298,052
Domestic mutual funds	10,881,961	-	-	10,881,961
International common stock	169,738	-	-	169,738
International mutual funds	8,316,796	-	-	8,316,796
Commingled funds	-	<u>18,210,254</u>	-	<u>18,210,254</u>
Total Equities	36,666,547	18,210,254	-	54,876,801
Alternatives:				
Hedge Funds	450,632	-	-	450,632
Real Estate & Infrastructure	606,019	-	-	606,019
Hard Assets	<u>434,822</u>	-	-	<u>434,822</u>
Total Alternatives	1,491,473	-	-	1,491,473
Structured investments	-	-	<u>927,738</u>	<u>927,738</u>
Total Investments	<u>52,596,189</u>	<u>49,553,550</u>	<u>927,738</u>	<u>103,077,477</u>

Investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Fixed Income Commingled Funds</u>	<u>Hedge Funds</u>	<u>Structured Investments</u>	<u>Total</u>
<b>Balance-June 30, 2010</b>	-	-	850,472	850,472
Gains (losses) realized and unrealized	-	-	162,999	162,999
Purchases	-	-	740,000	740,000
Sales/Redemptions	-	-	(825,733)	(825,733)
Transfers in (out)	-	-	-	-
<b>Balance-June 30, 2011</b>	-	-	927,738	927,738
Gains (losses) realized and unrealized	10,258	(1,090)	93,565	102,733
Purchases	1,300,000	2,900,000	3,240,000	7,440,000
Sales/Redemptions	-	-	(1,111,067)	(1,111,067)
Transfers in (out)	-	-	-	-
<b>Balance-June 30, 2012</b>	<u>1,310,258</u>	<u>2,898,910</u>	<u>3,150,236</u>	<u>7,359,404</u>

8. Investment in Real Estate

During the fiscal year ended June 30, 2002, the Foundation began purchasing property adjacent to and near the LSU Health Sciences Center Shreveport. The Foundation's intent is to ultimately transfer ownership of this property to the LSU Health Sciences Center Shreveport either by sale or donation. On occasion, the Foundation has also received donations of property. At June 30, 2012 and 2011, the Foundation's investment in real estate consists of:

	<u>2012</u>	<u>2011</u>
Chevy Land property	250,000	250,000
Yokem property	125,000	125,000
Sklar Phillips property	253,425	253,425
Caddo Exceptional School property	-	510,000
Yokem Body Shop property	118,930	118,930
Monsour property	235,238	235,238
Crawford property	79,656	79,656
Kings Highway property	316,587	261,000
Blood Center property	600,000	605,200
1341 Jennings Street	35,896	35,896
1328 Woodrow Street	60,447	60,447
1345 Jennings Street	44,031	44,031
1338 Woodrow	36,989	-
3206 Samford Avenue	772,317	753,705
Chicora property	4,000	4,000
Intermodal Transit Facility property, less accumulated depreciation of \$176,863 and \$119,502, respectively, on improvements of \$1,609,160	<u>1,432,297</u>	<u>1,489,658</u>
	<u>4,364,813</u>	<u>4,826,186</u>

During the fiscal year ended June 30, 2012, Foundation Property, LLC donated the Caddo Exceptional School property with a book value of \$510,000 to the LSU Health Sciences Center Shreveport.

During the fiscal year ended June 30, 2011, Foundation Property, LLC donated the Selber property with a book value of \$890,000 to the Caddo Parish Commission.

The Blood Center property is currently leased by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College. The 1328 Woodrow Street property is leased by a student. Rental income under noncancellable leases is due as follows:

2013	57,714
2014	44,254
2015	44,254
2016	7,376
2017	-
	<u>153,598</u>

9. Notes Payable

Notes payable consists of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Note payable to JPMorgan Chase Bank, original amount of \$510,000, interest at the "Eurodollar Rate," due in consecutive monthly installments of \$4,250, plus interest		



9. Notes Payable (Continued)

	<u>2012</u>	<u>2011</u>
beginning July 15, 2003 with unpaid principal and interest due in full on June 15, 2008. On February 10, 2006, re-financed \$378,250, interest at a fixed rate 6.85%, due in consecutive monthly installments of \$5,475, including interest beginning February 15, 2006 with unpaid principal and interest due in full on June 15, 2013, unsecured.	60,582	119,799
Note payable to JPMorgan Chase Bank, original amount of \$276,000, interest at prime rate due in consecutive monthly installments of \$2,836 including interest beginning August 23, 2004 with unpaid principal and interest due in full on July 23, 2009. On February 10, 2006, refinanced \$248,044, interest at a fixed rate 6.85%, due in consecutive monthly installments of \$3,529 including interest beginning February 23, 2006 with unpaid principal and interest due in full on June 15, 2013, unsecured.	45,258	83,000
Note payable to Regions Bank, original amount of \$600,000, interest at 6.38%, due in consecutive monthly installments of \$8,875 including interest beginning September 17, 2005, with unpaid principal and interest due in full on August 17, 2012. On June 30, 2009, refinanced \$308,857, interest at a fixed rate 5.85%, due in consecutive monthly installments of \$8,164 including interest beginning August 1, 2009 with unpaid principal and interest due in full on January 1, 2013, secured by investment in Blood Center real estate and assignment of real estate leases and rents of the Blood Center real estate.	55,998	147,654
Note payable to JPMorgan Chase Bank, original amount of \$750,000, interest at a fixed rate 5.00%, due in consecutive monthly installments of \$10,600 including interest beginning March 31, 2011 with principal and interest due in full on March 31, 2018, unsecured.	<u>624,568</u> <u>786,406</u>	<u>717,590</u> <u>1,068,043</u>

Notes payable maturities are as follows:

<u>Due In</u>	
2013	257,016
2014	111,252
2015	98,337
2016	113,001
2017	118,783
Thereafter	<u>88,017</u> <u>786,406</u>

Included in management and general expense is \$51,586 and \$39,133 in interest expense for the years ended June 30, 2012 and 2011, respectively.



10. Due to LSU Health Sciences Center Shreveport

The amount due to LSU Health Sciences Center Shreveport represents the state match for the following chairs and professorships, which are being held and invested for the Center by the LSU Health Sciences Foundation in Shreveport. The liability consists of the following at June 30:

	<u>2012</u>	<u>2011</u>
John C. McDonald, M.D. Chair in Surgery	504,603	515,052
Jack W. Pou, M.D. Chair in Otolaryngology	518,992	520,465
Albert Sklar Professorship in Surgery	51,763	54,732
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology	584,654	586,270
Mary Louise and Ben Levy Professorship in Neurosurgery	50,274	52,440
Paul R. Winder, M.D. Professorship in Dermatology	63,505	63,690
H. Whitney Boggs, Jr., M.D. Professorship of Colon and Rectal Surgery	51,345	54,363
Muslow Chair in Academic Affairs	465,767	467,199
Albert G. and Harriet G. Smith Professorship in Pathology	49,650	52,096
Randy Bryn, M.D. Professorship in Pulmonology	46,303	47,149
W. R. Matthews, M.D. Professorship in Pathology	45,507	50,297
YK Reddy Professorship in Allergy and Immunology	51,858	51,987
Albertson's Distinguished Professorship in Allied Health Sciences	55,293	56,341
Robert E. Wolf, M.D. Professorship in Rheumatology	43,303	43,407
Donald Mack, M.D. Professorship in Pediatric Oncology	51,579	51,721
Donald and Kathryn R. Smith Endowed Chair in Spinal Treatment	400,000	-
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Resident Education	48,806	50,991
Edward J. Crawford, Jr., M.D. Professorship in GYN Surgery	51,486	51,631
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Resident Recruitment	44,970	46,882
Burdette E. Trichel, M.D. Professorship in Urology	49,564	51,653
Charles D. Knight, Sr. Professorship in General Surgery	47,439	48,560
J. Woodfin Wilson, M.D. Professorship in Internal Medicine	51,607	51,756
Eugene St. Martin Professorship in Urology	48,038	48,212
Edward J. Crawford Professorship in Continuing Education	48,767	48,907
Nathan Professorship in Head & Neck Surgery	46,529	46,632
George Khoury & Donald Mack, M.D. Professorship in Pediatric Oncology	41,567	41,679
Joe E. Holoubek Professorship in Medicine	48,783	48,919
Thomas Norris, M.D. Professorship in Orthopedic Resident Support	41,061	41,172
E. Earle Dilworth, M.D. Professorship in OB/GYN Excellence	40,788	41,699
Mrunalini Shah and Bipin, M. D. Professorship in Anesthesiology Education	41,633	41,742
James A. Ardoin, M.D. Professorship in OB/GYN	41,667	41,775
Brad and Kay McPherson Professorship in Child Psychiatry	43,311	43,408
George Khoury and Donald Mack, M.D. Professorship for the St. Jude Clinic	40,926	39,872
Selber-Levin Professorship in Endocrinology	46,557	46,718
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Resident Education	43,298	43,396
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Faculty Recruitment	43,298	43,395

10. Due to LSU Health Sciences Center Shreveport (Continued)

	<u>2012</u>	<u>2011</u>
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Oncology Education	43,297	43,395
Edward Jr. Crawford, Jr., M.D. Professorship in OB/GYN Reproductive Endocrinology	43,298	43,396
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Faculty Enhancement	43,265	43,396
Edward Jr. Crawford, Jr., M.D. Professorship in OB/GYN Technology Enhancement	43,297	43,395
Juneau Chair in Transplantation Surgery	514,400	519,954
Stafford and Marianne Comegys Professorship in Medical Library Science	50,738	51,992
Edward and Freda Green Professorship in Oral and Maxillofacial Surgery	40,000	-
Dr. George and Sandra Bakowski Foundation Professorship in Aero-Digestive Malignancies	40,000	-
Carroll W. Feist Chair for the Study of Cancer	1,051,227	1,104,021
Dr. Ming Yu Ding Memorial Professorship in Microbiology	41,005	39,948
Archibald Bell Nelson Professorship in Orthopaedics	75,668	75,898
Joanna Gunning Magale Professorship in Neurology	57,666	62,001
Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery	<u>557,617</u>	<u>580,289</u>
	<u>6,545,969</u>	<u>6,193,893</u>

11. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Board-designated endowments:		
CFeist Legacy	58,116,792	56,981,291
Feist-Weiller Investment Account	11,500,160	12,875,371
Feist Investment Spending	518,077	442,454
CFeist Legacy Spending	<u>185,873</u>	<u>43,021</u>
Total Board-designated endowments	70,320,902	70,342,137
Other:		
Feist-Weiller Cancer Center	425,579	422,633
LSUMC Alumni Association	188,011	161,597
Otolaryngology Flexible Spending	441,964	-
Pediatrics/Neo Pramanik Flex	90,116	110,286
Feist-Chancellor Fund	289,602	289,602
Continuing Medical Education	185,756	195,244
Minagar's Flex Residual	92,288	109,595
Oral Surgery/Ghali/Discretionary Spending	96,345	113,009
Chancellor's Discretionary Fund	980,000	-
Neurosurgery/Nanda/Research	331,610	336,187
Pediatrics Kohl's Cares for Kids	100,020	-
John C. McDonald Chair Spending	126,511	107,467
Jack W. Pou, M.D. Chair in Otolaryngology Spending	307,218	261,458

11. Temporarily Restricted Net Assets (Continued)

	<u>2012</u>	<u>2011</u>
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology Spending	377,404	329,336
Carroll W. Feist Chair for the Study of Cancer Spending	312,898	404,922
Jack W. Gamble M.D. Chair in Oral/Maxillofacial Surgery Spending	226,053	242,849
Other (individual fund balance $\leq$ 100,000)	<u>2,913,528</u>	<u>2,421,982</u>
Total other	<u>7,484,903</u>	<u>5,506,167</u>
Total temporarily restricted net assets	<u>77,805,805</u>	<u>75,848,304</u>

Board designated endowments are restricted by donor and accounted for as endowments by the Board.

12. Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
John C. McDonald, M.D. Chair in Surgery	763,582	779,952
Jack W. Pou, M.D. Chair in Otolaryngology	702,221	731,891
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology	696,171	727,365
Muslow Endowed Chair in Academic Affairs	663,501	693,499
Gail and Donnie Juneau Chair in Transplantation	722,541	752,867
Carroll W. Feist Chair for the Study of Cancer	1,398,708	1,461,282
Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery	701,616	733,342
Smith Chair of Spinal Treatment	678,628	677,297
Scotty and Larene Woodard Professorship in Neurosurgery	117,768	-
Comegys Library Endowment	393,328	407,684
Urology/Womack Endowment	195,048	203,100
Psychiatry/Frost Endowment	886,352	922,072
Dr. Y. S. Goel Student Scholarship	139,792	145,507
Anil Nanda Neurosurgery Endowment	200,117	124,725
Paul D. Abramson Fund	168,623	-
Other (individual fund balance $\leq$ 100,000)	<u>2,878,248</u>	<u>3,039,936</u>
Total permanently restricted net assets	<u>11,306,244</u>	<u>11,400,519</u>

13. Endowed Net Assets

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and to provide a stable level of support to the beneficiaries. To achieve this objective, the Foundation's asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations, while minimizing volatility.

Certain endowed funds are provided by the State of Louisiana as a match to qualifying private endowed contributions and are managed under agreement with the Center for the Center's benefit. These endowed assets are further subject to the investment and spending policies established by the Louisiana Board of Regents, which has statutory authority to administer the matching funds program.

A spending rate is determined by the Foundation's Board of Directors, with consideration given to market conditions, the spending levels of peer institutions, and historical returns. The objective is to provide relatively stable spending allocations. The spending rate approved by the Board for the fiscal years ended June 30, 2012 and 2011 was 4.00%.

### 13. Endowed Net Assets (Continued)

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument.

The Louisiana Board of Regents spending policy states that annual spending must be determined in accordance with UPMIFA. However, the market value of each endowment at the end of the most recent fiscal trust fund year must exceed the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal trust fund year for which a spending allocation is to be made.

The Foundation classifies as permanently restricted net assets the original value of gifts donated for permanent endowment, any subsequent gifts to such endowments, and accumulations subsequently made at the direction of the applicable donor instrument.

Changes in endowment net assets for fiscal year ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2011	-	72,046,684	11,400,519	83,447,203
Contributions	-	2,359,613	527,508	2,887,121
Income on investments	-	1,679,323	230,850	1,910,173
Net depreciation	-	(955,898)	(127,896)	(1,083,794)
Other expenditures for facilities and programs	-	(1,646,485)	-	(1,646,485)
Administrative expenses	-	(1,212,783)	(116,798)	(1,329,581)
Transfers for spending	-	607,939	(607,939)	-
Transfer to fund for otolaryngology and micro biology commitments	-	(550,000)	-	(550,000)
Endowment net assets, June 30, 2012	<u>-</u>	<u>72,328,393</u>	<u>11,306,244</u>	<u>83,634,637</u>

Endowment fund net asset composition as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment	-	2,007,491	11,306,244	13,313,735
Board-designated endowment	-	70,320,902	-	70,320,902
	<u>-</u>	<u>72,328,393</u>	<u>11,306,244</u>	<u>83,634,637</u>

Changes in endowment net assets for fiscal year ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2010	-	63,422,550	9,860,929	73,283,479
Contributions	-	1,601,525	251,162	1,852,687

13. Endowed Net Assets (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Income on investments	-	1,922,315	795,419	2,717,734
Net appreciation	-	9,722,635	1,071,453	10,794,088
Other expenditures for facilities and programs	-	(3,869,246)	-	(3,869,246)
Administrative expenses	-	(1,228,055)	(103,484)	(1,331,539)
Transfers for spending	-	474,960	(474,960)	-
Endowment net assets, June 30, 2011	<u>-</u>	<u>72,046,684</u>	<u>11,400,519</u>	<u>83,447,203</u>

Endowment fund net asset composition as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment	-	1,704,547	11,400,519	13,105,066
Board-designated endowment	-	70,342,137	-	70,342,137
	<u>-</u>	<u>72,046,684</u>	<u>11,400,519</u>	<u>83,447,203</u>

14. Operating Leases

The Foundation leases office space under an operating lease which expires on February 28, 2012. In addition, the Foundation leases a copier/printer/scanner under an operating lease which expires on September 30, 2014. Future minimum lease requirements are as follows:

2013	47,243
2014	32,690
2015	896
2016	-
2017	-
	<u>80,829</u>

Included in management and general expense is \$49,639 and \$47,243 in rent and equipment rental expense for the years ended June 30, 2012 and 2011, respectively.

15. Commitments

During the fiscal year ended June 30, 2010, the Foundation was asked by the Chancellor of the Center to consider an infusion of funds into the Orthopaedic Surgery Department in order to rebuild the program. The Board of Directors voted and approved to donate a total of \$2.5 million of unrestricted funds in five \$500,000 annual installments to begin during the fiscal year ending June 30, 2011. As of June 30, 2012, the Foundation has segregated \$1 million of unrestricted funds for the Orthopaedic Surgery Department. The balance of the segregated funds as of June 30, 2012, is \$842,531 which is classified as unrestricted board designated net assets.

During the fiscal year ended June 30, 2011, the Foundation was asked by the Chancellor of the Center to consider an infusion into the Otolaryngology Department for growth of the department. The Board of Directors voted and approved to donate up to \$2.5 million over the next five years. The first year's funding allocation of \$500,000 will come from the Feist-Weiller Investment account, with the remainder from the Feist Legacy account going forward. During 2012, the Foundation segregated \$500,000 for the Otolaryngology Department, of which \$441,964 remained as of June 30, 2012 and is included as temporarily restricted net assets.

15. Commitments (Continued)

On July 15, 2009, the Board of Directors approved an Operating Reserve Policy to establish guidelines for achieving an operating reserve sufficient for the Foundation to adequately support its annual budget, ensure continued growth of current and future programs, fulfill its mission even during times of harsh economic conditions, and provide financial stability and the means for the development of its principal activity. The policy states that the operating reserve of \$1 million shall be established beginning in fiscal year ending June 30, 2011 and shall be fully funded by the end of the fiscal year ending June 30, 2016 through designation of unrestricted funds given to the Foundation. The reserve shall be invested in highly liquid United States Treasury obligations or FDIC insured accounts and may be used only for unanticipated and unbudgeted expenses or loss of revenue. Reserves may not be accessed in the absence of a plan for their replenishment over a reasonable period of time. On October 19, 2011, the Executive Committee of the Board of Directors voted to fully fund the Operating Reserve of \$1 million from unrestricted funds of the Foundation rather than partially funding the reserve between the remaining fiscal years ending June 30, 2012 through June 30, 2016.

16. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 740 "Subsequent Events," the Foundation evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Foundation evaluated such events through August 30, 2012. In 1986, the LSU Board of Supervisors received a substantial monetary bequest from Malcolm W. Feist, who specified in his testament that the bequest was to be used for the benefit of LSU Health Sciences Center at Shreveport. An agreement was executed on May 9, 2012 between the LSU Board of Supervisors and the Foundation authorizing the Foundation to provide management and investment services for these funds, in return for which the Foundation is entitled to a monthly management fee. The agreement is effective July 1, 2012. The agreement specifies that MFeist Legacy funds will remain state funds owned by the Board of Supervisors. The funds will be used for purposes consistent with the donor's express intent and deemed appropriate by the Chancellor of LSU Health Sciences Center at Shreveport; the Chancellor's approval is required for withdrawal.

While the funds remain state-owned, the Foundation will act as agent as described in the provisions of FASB ASC 958, and therefore record an asset and liability for the amount transferred. As of June 30, 2012, total cash and investments totaled \$45,250,195.

**OTHER FINANCIAL INFORMATION**



LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF MANAGEMENT AND GENERAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Salary expense	532,585	530,620
Payroll taxes	37,897	38,866
Employee benefit expense	43,635	33,426
Contractual services	2,841	-
Investment fees	91,405	130,126
Professional services	205,564	166,286
Insurance	84,673	99,831
Bank charges	8,103	15,115
Depreciation	72,729	66,921
Office supplies	12,641	12,991
Postage	13,414	6,443
Telephone expense	8,588	7,645
Maintenance agreements	13,292	15,334
Books and subscriptions	679	1,365
Rent	45,644	44,144
Equipment rental	3,995	5,642
Repairs and maintenance	30,238	15,799
Travel	2,960	6,733
Meals and entertainment	11,121	10,835
Advertising and promotional expenses	3,244	(45)
Printing	38,179	20,796
Gifts and acknowledgments	1,551	2,325
Professional development	8,301	9,946
Dues and licenses	6,645	3,573
Fundraising event	115,532	109,473
Interest expense	51,586	39,133
Utilities	8,608	2,779
Taxes	4,373	4,348
Environmental clean-up	74,249	9,430
Donations	510,000	890,000
Miscellaneous	<u>5,645</u>	<u>2,713</u>
Total management and general expenses	<u>2,049,917</u>	<u>2,302,593</u>



LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF LSU HEALTH SCIENCES CENTER SUPPORT

SPECIFIED BY DONORS FOR OTHER DEPARTMENTS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Academic affairs	13,299	269
Allied Health	20,389	6,806
Alumni affairs	55,165	54,277
Anesthesiology	13,417	27,431
Biochemistry	294	37
Cardiology	3,144	736
Cardiopulmonary	181	1,998
Cellular biology and anatomy	622	703
Chancellor	106,023	29,746
Continuing medical education	53,479	52,931
Dermatology	901	912
E. A. Conway	235	129
Emergency medicine	7,498	3,803
Endocrinology	1,045	3,228
Family medicine	20,710	12,420
Foundation	5,414	3,971
Health sciences library	13,287	15,716
Human resource management	4,440	6,100
Internal medicine	825	8,632
Medicine	-	453
Microbiology	32,260	2,809
Nephrology	3,067	4,178
Neurology	29,321	26,726
Neurosurgery	46,093	32,261
Nursing administration	436	909
OB/GYN	25,489	21,107
Oral/maxillofacial	91,039	88,499
Ortho surgery	38,571	56,821
Orthopaedics	27,804	5,479
Otolaryngology	75,621	14,778
Pathology	23,494	13,382
Pediatrics	115,065	118,796
Pharmacology	24,580	18,586
Physiology	14,273	16,981
Psychiatry	21,952	9,270
Pulmonary	4,274	2,798
Radiology	9,940	6,968
Rheumatology	20,113	91,568

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

CONSOLIDATED SCHEDULES OF LSU HEALTH SCIENCES CENTER SUPPORT

SPECIFIED BY DONORS FOR OTHER DEPARTMENTS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Social services	2,245	5,006
Student affairs	1,074	458
Surgery	100,247	80,791
Urology	<u>14,092</u>	<u>36,565</u>
Total	<u>1,041,418</u>	<u>885,034</u>

**SUPPLEMENTARY INFORMATION**  
**END OF THE YEAR REPORTING PACKET**  
**REQUIRED BY THE STATE OF LOUISIANA,**  
**DIVISION OF ADMINISTRATION,**  
**OFFICE OF STATEWIDE REPORTING**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

August 30, 2012

The Board of Directors  
LSU Health Sciences Foundation in Shreveport  
Shreveport, Louisiana

## **Independent Auditor's Report on Supplementary Information**

We have audited the consolidated financial statements of the LSU Health Sciences Foundation in Shreveport and Subsidiaries, as of and for the year ended June 30, 2012, and our report thereon dated August 30, 2012, which expressed an unqualified opinion on those financial statements, appears on Page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The End of the Year Reporting Packet is presented for purposes of additional analysis and is not a required part of the consolidated financial statements but is supplementary information required by the State of Louisiana, Division of Administration, Office of Statewide Reporting and Policy (OSRAP). Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Heard, McElroy & Vestal, LLC*

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# FOUNDATIONS OF THE LSU SYSTEM

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED JUNE 30, 2012

### LSU HSC Foundation Shreveport

#### ASSETS

##### Current Assets:

Cash and cash equivalents	\$1,871,957
Restricted cash	3,142,006
Investments	6,551,409
Derivative instrument (Asset)	-
Accrued interest receivable	-
Accounts receivable, net	251,639
Pledges Receivable	809,851
Due from State Treasury	-
Due from federal government	-
Deferred charges and prepaid expenses	-
Notes Receivable	-
Other current assets	-
<b>Total current assets</b>	<b>12,626,862</b>

##### Noncurrent Assets:

##### Restricted assets:

Cash and cash equivalents	-
Investments	92,949,567
Other	-
Investments	-
Pledges Receivable	-
Notes receivable	-
Property and equipment, net	4,398,452
Other noncurrent assets	102,233
<b>Total noncurrent assets</b>	<b>97,450,252</b>
<b>Total assets</b>	<b>110,077,114</b>

#### LIABILITIES

##### Current Liabilities:

Accounts payable and accrued liabilities	498,962
Derivative instrument liability	-
Deferred revenues	-
Due to state treasury	-
Amounts held in custody for others	6,545,969
Other liabilities	-
Current portion of long-term debt:	
Compensated absences payable	-
Capital Lease obligations	-
Claims and litigation payable	-
Notes payable	257,016
Contracts payable	-
Reimbursement contracts payable	-
Bonds payable	-
Other liabilities	-
<b>Total current liabilities</b>	<b>7,301,947</b>

##### Long-Term Portion of Noncurrent Liabilities:

Compensated absences payable	-
Capital Lease obligations	-
Claims and litigation payable	-
Notes payable	529,390
Contracts payable	-
Reimbursement contracts payable	-
Bonds payable	-
Other liabilities	-
<b>Total noncurrent liabilities</b>	<b>529,390</b>
<b>Total liabilities</b>	<b>7,831,337</b>

#### NET ASSETS

Invested in capital assets, net of related debt	3,612,046
Restricted:	
Nonexpendable	11,306,244
Expendable	77,805,805
Unrestricted	9,521,682
<b>Total net assets</b>	<b>102,245,777</b>
<b>Total liabilities and net assets</b>	<b>110,077,114</b>

## FOUNDATIONS OF THE LSU SYSTEM

### Statement of Revenues, Expenses, and Changes in Net Assets For the Year Ended June 30, 2012

#### LSU HSC Foundation Shreveport

#### OPERATING REVENUES

Student tuition and fees	\$0
Less scholarship allowances	-
Net student tuition and fees	-
Gifts received by foundations	5,077,956
Endowment income	840,221
Federal appropriations	-
Federal grants and contracts	-
State and local grants and contracts	-
Nongovernmental grants and contracts	-
Sales and services of educational departments	-
Hospital income	-
Auxiliary enterprise revenues (including revenues pledged to secure debt)	-
Less scholarship allowances	-
Net auxiliary revenues	-
Other operating revenues	1,410,797
<b>Total operating revenues</b>	<b>7,328,974</b>

#### OPERATING EXPENSES

Educational and general:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Scholarships and fellowships	-
Auxiliary enterprises	-
Hospital	-
Other operating expenses	1,998,331
<b>Total operating expenses</b>	<b>1,998,331</b>
<b>Operating Income (Loss)</b>	<b>5,330,643</b>

**NONOPERATING REVENUES (Expenses)**

State appropriations	\$0
Gifts	-
Federal nonoperating revenues (expenses)	-
ARRA Revenues	-
Net investment income	550,813
Interest expense	(51,586)
Payment to on on behalf of university	(4,356,962)
Other nonoperating revenues (expenses)	
<b>Net nonoperating revenues</b>	<u>(3,857,735)</u>

<b>Income Before Other Revenues, Expenses, Gains, and Losses</b>	<b>1,472,908</b>
--	------------------

Capital appropriations	
Capital gifts and grants	
Additions to permanent endowments	527,508
Other additions, net	
	<u>                    </u>

<b>Increase in Net Assets</b>	<b>2,000,416</b>
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<b>Net Assets at Beginning of Year</b>	<b><u>100,245,361</u></b>
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<b>Net Assets at End of Year</b>	<b><u><u>102,245,777</u></u></b>
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## FOUNDATIONS OF THE LSU SYSTEM

### Statement of Activities (GASB) For the Year Ended June 30, 2012

#### LSU HSC Foundation Shreveport

Expenses	Charges for Services	Operating grants and contributions	Capital grants and contributions	Net (expense) revenue and change in net assets
6,406,879		5,145,593		(1,261,286)

#### General Revenues:

State Appropriations	
Grants and contributions not restricted to specific programs	459,871
Interest	1,391,034
Miscellaneous	1,410,797
Special items	-

Total general revenues and special items	3,261,702
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Change in net assets	2,000,416
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Net assets , beginning of year	100,245,361
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Net assets, end of year	102,245,777
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## FOUNDATIONS OF THE LSU SYSTEM

### Statement of Activities - FASB format For the Year Ended June 30, 2012

	LSU HSC Foundation Shreveport
<b>Changes in unrestricted net assets:</b>	
Contributions	\$459,871
Investment earnings (loss), net	564,654
Grants and contracts	-
Service fees	1,270,690
Other revenues	140,107
Total unrestricted revenues	<u>\$2,435,322</u>
Net assets released from restrictions:	
Reclassification in net assets due to change in law	-
Satisfaction of program expenses	4,522,451
Total unrestricted revenues and other support	<u>\$6,957,773</u>
 Expenses:	
Amounts paid to benefit Louisiana State University for:	
Projects specified by donors	4,214,281
Projects specified by the Board of Directors	142,681
Other:	
Grants and contracts	-
Property operations	763,727
Other	-
Total program expenses	<u>5,120,689</u>
 Supporting services:	
Salaries and benefits	614,117
Occupancy	45,644
Office operations	55,451
Travel	2,960
Professional services	305,072
Dues and subscriptions	6,645
Meetings and development	62,395
Depreciation	72,729
Other	5,645
Total supporting services	<u>1,170,658</u>
 Fund-raising expenses	<u>115,532</u>
 Total expenses	<u>6,406,879</u>

<b>Increase (decrease) in unrestricted net assets</b>	<u>\$550,894</u>
<b>Changes in temporarily restricted net assets:</b>	
Contributions	\$4,618,085
Investment earnings	723,426
Changes in value of split interest agreements	-
Other	-
Total temporarily restricted revenues	<u>\$5,341,511</u>
Net assets released from restrictions:	
Reclassification in net assets due to change in law	-
Satisfaction of program expenses	<u>(3,797,714)</u>
<b>Increase in temporarily restricted net assets</b>	<u>\$1,543,797</u>
<b>Changes in permanently restricted net assets:</b>	
Contributions	527,508
Investment earnings	102,954
Other	-
Net assets released from donor restrictions	<u>(724,737)</u>
<b>Increase (decrease) in permanently restricted net assets</b>	<u>(94,275)</u>
<b>Increase (decrease) in net assets</b>	2,000,416
<b>Net assets at beginning of year</b>	<u>100,245,361</u>
<b>Net assets at end of year</b>	<u><u>102,245,777</u></u>

Note A. 15 Component Units

This year, the LSU Foundation, the Tiger Athletic Foundation, LSU HSC Foundation New Orleans and LSU HSC Foundation Shreveport qualify to be discretely presented.

Each component unit should provide the following:

**Note A. 15 Component Units - Discrete**

1. A brief description of the component unit including its relationship to the University; a discussion of the criteria for including it; how it is reported, and the nature and amount of significant transactions between the university and the component unit.

The LSU HSC Foundation Shreveport is a legally separate, tax-exempt organization supporting the LSU System, specifically the following campus: LSUHSC Shreveport. This foundation was included in the university's financial statements because its assets equaled 3% or more of the assets of the university system it supports.

During the year ended June 30, 2012, the LSU HSC Foundation Shreveport made distributions to or on behalf of the university for both restricted and unrestricted purposes in the amount of : \$4,356,962

Complete financial statements for the LSU HSC Foundation Shreveport can be obtained from:

920 Pierremont, Suite 407, Shreveport, LA 71106  
(mailing address)

or from the foundation's website at: lsuhsfoundation.org

The LSU HSC Foundation Shreveport is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation's financial information in the university's financial report for these differences.

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Schedule of Capital Assets (includes capital leases)

<u>Component Unit(s)</u>	<u>Balance</u> <u>6/30/2011</u>	<u>Prior Period</u> <u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>*</u> <u>Reclassifica</u> <u>tions of CIP</u>	<u>**</u> <u>Retirements</u>	<u>Balance</u> <u>6/30/2012</u>
Capital assets not depreciated:							
Land	\$ 3,336,528	\$ -	\$ 3,336,528	\$ 105,988	\$ -	\$ (510,000)	\$ 2,932,516
Non-depreciable land improvements	-	-	-	-	-	-	-
<b>Non-depreciable easements</b>	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
<b>Software - development in progress</b>	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 3,336,528	\$ -	\$ 3,336,528	\$ 105,988	\$ -	\$ (510,000)	\$ 2,932,516
Other capital assets:							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Depreciable land improvements	1,609,160	-	1,609,160	-	-	-	1,609,160
** Accumulated depreciation	(119,502)	-	(119,502)	(57,361)	-	-	(176,863)
Total land improvements	1,489,658	-	1,489,658	(57,361)	-	-	1,432,297
Buildings	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total buildings	-	-	-	-	-	-	-
Equipment (including library books)	84,530	-	84,530	9,360	-	-	93,890
** Accumulated depreciation	(45,848)	-	(45,848)	(14,403)	-	-	(60,251)
Total equipment	38,682	-	38,682	(5,043)	-	-	33,639
<b>Software (internally generated &amp; purchased)</b>	-	-	-	-	-	-	-
<b>Other intangibles</b>	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 1,528,340	\$ -	\$ 1,528,340	\$ (62,404)	\$ -	\$ -	\$ 1,465,936
Capital asset summary:							
Capital assets not depreciated	\$ 3,336,528	\$ -	\$ 3,336,528	\$ 105,988	\$ -	\$ (510,000)	\$ 2,932,516
Other capital assets, book value	1,693,690	-	1,693,690	9,360	-	-	1,703,050
Total cost of capital assets	5,030,218	-	5,030,218	115,348	-	(510,000)	4,635,566
Accumulated depreciation/amortization	(165,350)	-	(165,350)	(71,764)	-	-	(237,114)
Capital assets, net	\$ 4,864,868	\$ -	\$ 4,864,868	\$ 43,584	\$ -	\$ (510,000)	\$ 4,398,452

\* Should only be used for those completed projects coming out of construction-in-progress to fixed assets.

\*\* Enter a negative number except for accumulated depreciation in the retirement column

Recap of Adjustments to Beginning Balance of Capital Assets  
(includes capital leases)

University/System	University/System		Component Unit(s)		Total by Category		
	Adjustments to AFR after submitted to OSRAP	Restate- ments	Adjustments to AFR after submitted to OSRAP	Restate- ments	Adjustments to AFR after submitted to OSRAP	Restate- ments	Total Prior Year Adjustments
Capital assets not depreciated:							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets:							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
* Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Depreciable land improvements	-	-	-	-	-	-	-
* Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
* Accumulated depreciation	-	-	-	-	-	-	-
Total buildings	-	-	-	-	-	-	-
Equipment (including library books)	-	-	-	-	-	-	-
* Accumulated depreciation	-	-	-	-	-	-	-
Total equipment	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
* Accumulated amortization - software	-	-	-	-	-	-	-
* Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital asset summary:							
Capital assets not depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets, book value	-	-	-	-	-	-	-
Accumulated depreciation/amortization	-	-	-	-	-	-	-
Capital assets, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Formulas are set for depreciation/amortization presented as a negative number. Check formulas to ensure correct totals.

**Note I. Bonds & notes payable & capital leases.**

**Campuses and component units complete the appropriate section.**

The following is a summary of bond reimbursement contracts and other long-term debt transactions of the university for the year ended June 30, 2012: (The column "Balance at June 30, 2012" is the total amount of debt for that line item. The noncurrent portion is not listed separately, but can be determined by subtracting "Amounts due within one year" from "Balance at June 30, 2012.")

Component Units	Balance at June 30 2011	Additions	Reductions	Balance at June 30, 2012	Amounts due within one year
<b>Notes &amp; bonds payable:</b>	\$	\$	\$	\$	\$
Notes payable	1,068,043		281,637	786,406	257,016
Bonds payable		-		-	
Total bonds and notes payable	1,068,043	-	281,637	786,406	257,016
<b>Other liabilities:</b>					
Compensated absences payable				-	
Capital lease obligations				-	
Claims and litigation payable				-	
Pollution remediation obligations				-	
Contracts payable				-	
Reimbursement contracts payable				-	
Other liabilities				-	
OPEB Payable				-	
Total other liabilities	-	-	-	-	-
Total long-term liabilities	\$ 1,068,043	\$ -	\$ 281,637	\$ 786,406	\$ 257,016

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

**Note N. Related Party Transactions**

List all related party transactions below.

Amounts Due to/ Due from  
that resulted from related  
party transaction

	Name of Individual	Describe Relationship	Describe Related Party Transaction	Dollar amount of Transaction	
1	N/A. None identified				
2					
3					
4					



**Note P. Capital Leases**

**Campuses and component units complete the appropriate section.**

Does your campus record items under capital leases as an asset and an obligation in the accompanying financial statements?

Yes / No  
N/A

Report all capital leases (including LA Equipment Acquisition Fund [LEAF] leases) in effect as of 6/30/2012.

**UNIVERSITYSYSTEM CAPITAL LEASES**

<u>Nature of lease</u>	<u>Date of lease</u>	<u>Gross amount of leased assets (historical cost)</u>	<u>Last payment date</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space		\$		\$	\$
b. Buildings					
c. Equipment					
d. Land					
e. Other					
Total assets under cap. lease		\$ -		\$ -	\$ -

**N/A. This schedule is not applicable to LSUHSC Foundation Shreveport**

**COMPONENT UNIT CAPITAL LEASES**

<u>Nature of lease</u>	<u>Date of lease</u>	<u>Gross amount of leased assets (historical cost)</u>	<u>Last payment date</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	N/A	\$		\$	\$
b. Buildings	N/A				
c. Equipment	N/A				
d. Land	N/A				
e. Other	N/A				
Total assets under cap. lease		\$ -		\$ -	\$ -

**Campuses and component units complete the appropriate column**

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2012.

Note: If lease payments extend past FY2042 create additional rows and report these future minimum lease payments in five year increments. I've added three rows for you just in case you need them. You may need to add more.

## Note P. Lessor Direct Financing Leases

Campuses and component units complete the appropriate section

**N/A. This schedule is not applicable to LSUHSC Foundation Shreveport**

The following lists the components of the net investment in direct financing leases as of June 30, 2012:

University/System Composition of lease	Date of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remaining principal to end of lease
a. Office Space		\$	\$	\$
b. Building				
c. Equipment				
d. Land				
e. Other				
Less amounts representing executory costs	(	)	(	)
Minimum lease payment receivable	-	-	-	-
Less allowance for doubtful accounts	(	)	(	)
Net minimum lease payments receivable	-	-	-	-
Estimated residual values of leased property				
	-	-	-	-
Less unearned income	(	)	(	)
Net investment in direct financing leases	\$	\$	\$	\$

Component Unit(s) Composition of lease	Date of lease	Minimum lease payment receivable	Remaining interest to end of lease	Remaining principal to end of lease
a. Office Space		\$	\$	\$
b. Building				
c. Equipment				
d. Land				
e. Other				
Less amounts representing executory costs	(	)	(	)
Minimum lease payment receivable	-	-	-	-
Less allowance for doubtful accounts	(	)	(	)
Net minimum lease payments receivable	-	-	-	-
Estimated residual values of leased property				
	-	-	-	-
Less unearned income	(	)	(	)
Net investment in direct financing leases	\$	\$	\$	\$

Both Campus and Component Unit complete below if appropriate.

Minimum lease payments do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2012 were:

\_\_\_\_\_ for office space  
 \_\_\_\_\_ for buildings  
 \_\_\_\_\_ for equipment  
 \_\_\_\_\_ for land  
 \_\_\_\_\_ for other

**Note P. Future Minimum Lease Receivables - With Lessor Direct Financing Leases**

**Campuses and component units complete the appropriate column**

**N/A. This schedule is not applicable to LSUHSC Foundation Shreveport**

The following is a schedule by years of minimum lease receivable for the remaining fiscal years of the lease as of June 30, 2012:

Year ending _____:	<u>Future minimum lease receivables:</u>		
	<u>University/System</u>	<u>Component Unit(s)</u>	<u>Total</u>
2013	\$ _____	\$ _____	\$ _____
2014	_____	_____	_____
2015	_____	_____	_____
2016	_____	_____	_____
2017	_____	_____	_____
2018-2022	_____	_____	_____
2023-2027	_____	_____	_____
2028-2032	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

Note: If lease receivables extend past FY2032 create additional rows and report these future minimum lease receivables in five year increments. I've added three rows for you just in case you need them. You may need to add more.

Note T. Prior Year Restatement of Net Assets

**Campuses and component units complete the appropriate section**

**N/A. This schedule is not applicable to LSUHSC Foundation Shreveport**

The following adjustments were made to restate beginning net assets for July 1, 2011.

		Amount
Ending net assets 6/30/11 as reported to OSRAP on PY AFR	\$	
<b>Audit adjustments to affecting net assets at 6/30/11 made</b>		-
<b>Total</b>	\$	-
<b>Items identified during 2011-2012 that require restatement of prior year net assets</b>		-
Beginning net assets 7/1/2011, as restated	\$	-

**Each adjustment and restatement must be explained in detail**

**Audit Adjustments after AFR Submission**

Explanation: (List below)		
<b>Total</b>		-

(should equal cell c13 above)

**Items identified that require restatement**

Explanation: (List below)		
<b>Total</b>		-

(should equal cell c16 above)

## SCHEDULE 1-A COMPONENT UNIT

Please update the amounts from last year as necessary

## STATE OF LOUISIANA

Louisiana State University System

SCHEDULE OF BONDS PAYABLE  
June 30, 2012Required for our  
Financial Report

N/A. This schedule is not applicable to LSUHSC Foundation Shreveport

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/11	(Redeemed) Issued	Principal Outstanding 6/30/2012 *	Interest Rates	Interest Outstanding 6/30/12	Maturities
<b>LSU Foundation</b>								
Pooled Loan Program Revenue Bonds Series 2003A	04/01/03	\$ 12,725,000	\$ 6,900,000		\$ 6,900,000	variable		2012-2022
Unamortized premium (discount)								
<b>Tiger Athletic Foundation</b>								
Series 1999 Bonds	03/04/99	43,575,000	42,100,000		42,100,000	variable	-	2012-2028
Unamortized premium (discount)								
Series 2004 Bonds	03/23/04	90,000,000	81,675,000		81,675,000	variable	-	2012-2039
Unamortized premium (discount)								
<b>LSU HSC Foundation New Orleans</b>								

**LSU HSC Foundation Shreveport**

N/A

STATE OF LOUISIANA  
LSU HSC Foundation Shreveport

**SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE**  
**June 30, 2012**

**N/A. This schedule is not applicable to LSUHSC Foundation Shreveport**

**Bond premium or discount should be listed on a separate line and not included in principal amount.**

	Date of Issue	Original Issue	Principal Outstanding 6/30/11	Issued (Redeemed)	Principal Outstanding 6/30/12 *	Maturities	Interest Rates	Interest Outstanding 6/30/12
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
					\$ -	-		
Total		\$ -	\$ -	\$ -	\$ -	-		\$ -

\* Note: Principal outstanding at 6/30/12 should agree to Contracts Payable on the Statement of Net Assets.

**Send copies of new amortization schedules**

**SCHEDULE 1-B (Component Unit)**

# Schedule 1-C COMPONENT UNIT

## STATE OF LOUISIANA

### Louisiana State University System

#### SCHEDULE OF NOTES PAYABLE

June 30, 2012

Bond premium or discount should be listed on a separate line and not included in principal amount.

Issue	Date of Issue	Original Issue	Principal Outstanding June 30, 2011	Issued (Redeemed)	Principal Outstanding June 30, 2012	Maturities	Interest Rates	Interest Outstanding June 30, 2012
JP Morgan Chase	7/1/03	\$ 510,000	\$ 119,799	\$ (59,217)	\$ 60,582	N/A	6.85%	\$ 2,182
JP Morgan Chase	7/23/04	276,000	83,000	(37,742)	45,258	N/A	6.85	1,610
JP Morgan Chase	3/17/11	750,000	717,590	(93,022)	624,568	N/A	5.00	98,133
Regions Bank	8/17/05	600,000	147,654	(91,656)	55,998	N/A	5.85	823
					-			
					-			
					-			
					-			
TOTAL			\$ 1,068,043	\$ (\$281,637)	\$ 786,406			\$ 102,748

Send copies of new amortization schedules

SCHEDULE 1-C (Component Unit)



Schedule 2-A COMPONENT UNIT

Do not include bond premium or discount in principal column

LSU HSC Foundation Shreveport

N/A. This schedule is not applicable to LSUHSC Foundation Shreveport

Schedule of Bonds Payable Amortization  
for the Year Ended June 30, 2012

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013			0
2014			0
2015			0
2016			0
2017			0
2018			0
2019			0
2020			0
2021			0
2022			0
2023			0
2024			0
2025			0
2026			0
2027			0
2028			0
2029			0
2030			0
2031			0
2032			0
2033			0
2034			0
2035			0
2036			0
2037			0
2038			0
2039			0
2040			0
2041			0
2042			0
Sub-total	0	0	0
Unamortized discount			
Unamortized premiums			
<u>TOTAL</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>


Schedule 2-B COMPONENT UNIT

**LSU HSC Foundation Shreveport**

Schedule of Notes Payable Amortization  
for the Year Ended June 30, 2012

<b>Fiscal Year</b>				
<b>Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2013	257,016	34,508	291,524	
2014	111,252	24,957	136,209	
2015	98,337	18,268	116,605	
2016	113,001	14,204	127,205	
2017	118,783	8,422	127,205	
2018-2022	88,017	2,389	90,406	
2023-2027			0	
2028-2032			0	
2033-2037			0	
2038-2042			0	
<hr/>				
<b>TOTAL</b>	<b>\$786,406</b>	<b>\$102,748</b>	<b>\$889,154</b>	

List the terms by which interest rate changes for variable-rate debt:

N/A. All notes payable are fixed rate debt

## Schedule 2-C Component Unit

### LSU HSC Foundation Shreveport

**N/A. This schedule is not applicable to LSUHSC Foundation Shreveport**

#### SCHEDULE OF CAPITAL LEASE AMORTIZATION For the Year Ended June 30, 2012

Fiscal Year Ending	Beginning Balance	Payment	Interest	Principal	Balance
2013		-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018-2022	-	-	-	-	-
2023-2027	-	-	-	-	-
2028-2032	-	-	-	-	-
2033-2037	-	-	-	-	-
2038-2042	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-

List the terms by which interest rate changes for variable-rate debt:

Schedule 2-C (Component Unit)

Schedule 2-D Component Unit

N/A. This schedule is not applicable to LSUHSC Foundation Shreveport

LSU HSC Foundation Shreveport

Schedule of Reimbursement Contracts Payable Amort  
for the Year Ended June 30, 2012

Fiscal Year Ending	Principal	Interest
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
TOTAL	\$0	\$0

List the terms by which interest rate changes for variable-rate debt:

--

Schedule 2-D (Component

LOUISIANA STATE UNIVERSITY SYSTEM  
SCHEDULE OF EXPENSES BY UNIVERSITY  
For the Year Ended June 30, 2012

The LSU Foundation should allocate the required expenses among the campuses it supports.

Agency No.	Name of individual university and agency no.:	University Amount	*Foundation Amount	Eliminations	Total Expenses
1. 19-601	1) LSU	\$	\$	\$	0
2. 19-603	2) LSU Alexandria				0
3. 19-606	3) LSU Eunice				0
4. 19-608	4) LSU Agricultural Center				0
5. 19-609	5) LSU Law Center				0
6. 19-600	6) LSU System Office				0
7.	7) LSU Pennington Biomedical Center				0
8. 19-605	8) LSU Health Sciences Center - New Orleans				0
9.	9) LSU Health Sciences Center - Shreveport		6,406,879		6,406,879
10. 19-607	10) LSU Shreveport				0
	Total	\$ 0	\$ 6,406,879	\$ 0	\$ 6,406,879

Enter eliminations as negative numbers.

\* Should only include foundations that are included in this AFR packet

Show eliminations as a negative

"Total Expenses" above should agree to the "Combined Total" expenses shown on the Statement of Activities. You do not have to prepare the Statement of Activities to complete Schedule 4, however. Expenses to be reported here are the sum of the amounts shown on lines "total operating expenses", "interest expense", and "payments to or on behalf of the university" on the SRECNA.

System Office Note 16: Restricted Net Assets - Component Units

**Please report the composition of your restricted assets. If none, please indicate so on the form.**

	LSU Foundation	Tiger Athletic Foundation	HSC S Foundation	HSC N.O. Foundation
<b>Temporarily restricted:</b>				
Chairs and professorships			2,031,756	
Scholarships and fellowships				
Specific academic and research projects				
Academic support			2,652,008	
Capital outlay and improvements			50,061	
Research support			71,054,704	
Institutional support			1,921,279	
Faculty - salary supplements				
Donor restrictions			95,997	
Restricted contributions receivable				
Restricted accounts payable				
Building funds				
Educational studies program				
<b>Total temporarily restricted</b>	0	0	77,805,805	0
<b>Permanently restricted</b>				
Chairs and professorships			9,184,882	
Scholarships and fellowships				
Specific academic and research projects				
Academic support				
Capital outlay and improvements				
Research support				
Institutional support				
Endowment Funds			2,121,362	
Educational studies program				
Faculty - salary supplements				
<b>Total permanently restricted</b>	0	0	11,306,244	0

System Note 24. Cooperative Endeavor Agreements - Component Units

Below is the language included in the FY 11 financial statements regarding significant cooperative endeavor agreements entered into by your foundation. Please carefully review and update as necessary the portion that applies to your foundation.

If your foundation discloses a cooperative endeavor agreement in its financial report please include the disclosure in the second text box below.

Tiger Athletic Foundation

In 1999, the Tiger Athletic Foundation (TAF) entered into a cooperative endeavor agreement with LSU that obligated TAF to acquire, construct, and maintain new scoreboards in LSU athletic venues at a total cost of approximately \$5.2 million. In return for its fulfillment of this obligation, TAF was given an eight-year license to solicit certain qualified corporate sponsorship contracts. In connection with its issuance of the Series 2004 Revenue Bonds, LSU extended TAF's rights to solicit qualified corporate sponsorship contracts for a period of approximately 35 years. Effective July 1, 2005, TAF, with approval of LSU, entered into a ten-year lease agreement with Viacom Outdoor Advertising, Inc., d/b/a LSU Sports Properties, whereby TAF leased its rights to the scoreboards to Viacom in return for an annual guaranteed rental payment. The rental payment, which was \$1.4 million in year one and will increase by \$25,000 annually each year during the life of the lease agreement, is due in two equal installments payable in July and October of each year.

LSU HSC Foundation Shreveport

Intermodal Transit Facility, LLC was formed in March 2007 to purchase property and construct an intermodal transit oriented facility as a ride link for the City of Shreveport's SporTran passengers and the Center's patients, employees, students, and customers. Intermodal Transit Facility, LLC entered into a Cooperative Endeavor Agreement with the City of Shreveport which governed the use of \$1,235,949 of Section 5309 Federal Transit Administration funds earmarked as an 80% match for construction of the intermodal transit facility. In order to receive these grant funds, Intermodal Transit Facility, LLC was required to provide a match equal to 20% of the project cost. In addition, Intermodal Transit Facility, LLC was required to pay the City of Shreveport an administrative fee in the amount of 10% of the total FTA grant funds used for the project. Construction of the intermodal transit facility was completed in June 2009, and the total cost of the facility including the purchase of property and administrative fees of \$1,609,160 net of accumulated depreciation. A summary of the project's activity follows:

Year Ended June 30,	Capitalized Expenditures	Expensed Expenditures	Capitalized Administrative Fees	Total Project Cost	Less Grant Income	Intermodal's Match Plus Admin. Fees
2007	748,749	-	59,900	808,649	598,999	209,650
2008	110,402	-	8,832	119,234	88,322	30,912
2009	630,515	4,016	50,762	685,293	507,624	177,669
	<u>1,489,666</u>	<u>4,016</u>	<u>119,494</u>	<u>1,613,176</u>	<u>1,194,945</u>	<u>418,231</u>

System Note 25. Amounts Held in Custody for Others - Component Units

Shown is the template used FY 11. Please update as necessary for your Foundation for FY 12 (or year ending 12/31/11)

Entity	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Center Foundation	LSUHSC Shreveport Foundation	Total
LSU at Alexandria Foundation					0
LSU at Eunice Foundation					0
State matching funds					0
Split-interest agreements					0
Tiger Athletic Foundation					0
Coaches escrow accounts / affiliated chapters					0
LSU Athletic Department					0
Building tenant security deposits					0
LSUHSC Shreveport				6,545,969	6,545,969
Total temporarily restricted	\$0	\$0	\$0	\$6,545,969	\$6,545,969

\*As of December 31, 2011